

November 19, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENT NO. 4 TO LEASE NO. 56497
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
10355 SLUSHER DRIVE, SANTA FE SPRINGS
(FIRST) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached Amendment No. 4 to extend the term of the lease for a five-year period and provide an additional reimbursable tenant improvement allowance to cover the cost of refurbishment of the premises for the continued occupancy of 65,568 rentable square feet for the Department of Children and Family Services (DCFS) at 10355 Slusher Drive, Santa Fe Springs, at an initial annual rent of \$1,046,465. Rental costs are 16 percent net County cost and 84 percent subvented by State and Federal funds.
2. Authorize the Lessor and/or Director of ISD, at the discretion of the Chief Administrative Officer (CAO) to acquire a telephone system for DCFS at a cost not to exceed \$1,000,000. At the discretion of the CAO, all or part of the telephone, data and low voltage systems may be paid by DCFS in lump sum or financed in an amount not to exceed \$240,000 per year, if the option is exercised, in addition to other Tenant Improvement (TI) allowances provided under the lease.
3. Find that this lease Amendment No. 4 is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.
4. Approve the project and authorize the CAO, DCFS, and ISD to implement the project. The five-year extension in Amendment No. 4 to Lease No. 56497 will commence upon completion and acceptance of the improvements by the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of this proposed Amendment No. 4 to Lease No. 56497, and the proposed refurbishment project and furniture acquisition, will allow DCFS to house 360 staff of Region IV and staff development in the proposed building. The regional offices house DCFS' service delivery staff, as well as clerical support staff and regional administrators. By housing service delivery staff in regional offices, DCFS is able to deliver services in the communities where the services are needed. Service delivery staff provide a wide range of services to children and families in the dependency system or at risk of becoming part of the dependency system including the following services: child protection, family preservation, family reunification, emancipation, permanency planning, and adoptions.

The CAO reviewed the facility to reevaluate the refurbishment of the entire facility versus improvements being done in converting the classrooms to office space and leaving the existing office space as it is. It has been determined that the current space is inefficient and extremely overcrowded as it presently exists and that the entire facility needs to be refurbished to meet the County's space standards established for office use. Additionally, the SPA 7 area, which is serviced by DCFS Region IV, was surveyed to determine if any facility was available that offered a more economical alternative to relocate too. The survey showed two facilities that could accommodate the departments space requirements. A vacant hospital facility, 8300 Telegraph Road, Downey, that would require extensive Tenant Improvements and was not an acceptable alternative. The second facility, 12009 Telegraph Road, Santa Fe Springs, would require converting warehouse space and adding a second floor. These Tenant Improvement costs when negotiated establishes a lease rental rate that was more costly than remaining at the current facility.

A plan to reconfigure the space has been prepared by the CAO and reviewed and approved by DCFS and is in line with County's department space standards established for office use. Amendment No. 4 to Lease No.56497 provides the Tenant Improvement and Furniture Allowances and an extension of the term of the lease which enables DCFS' plan to be accomplished. Your Board's approval will enable the CAO and DCFS to implement the plan.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we invest in public infrastructure in order to strengthen the County's fiscal capacity. The proposed lease supports this strategy (Goal 4, Strategy 2, Objective 2), in the consolidation of departmental services and allows the

County to maximize use of subvention funding by leasing a facility, as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The annual lease cost for the proposed facility will initially be \$1,046,465 which includes \$12.50 per square foot in TIs provided by the landlord. Should the County use the maximum \$70 per square foot available for TIs and furniture refurbishment, the initial annual lease cost of the amended lease would be increased to a maximum \$1,637,191.

10355 SLUSHER	EXISTING LEASE	AMENDED LEASE	CHANGES
Area (Square feet)	65,568	65,568	None
Term	10 years (2/15/1988 -2/14/08)	Additional 5 years (2/15/08-2/14/13)	10 years *
Annual Base Rent	\$1,030,729(15.72/sq.ft.)	\$1,046,465(\$15.96/sq.ft.)	+ \$16,023 (\$.24/sq.ft.)
TI Allowance	None	Maximum of \$4,589,760, or \$70.00 psf. which includes \$12.50/sf. TI allowance in the base rent and \$33/sf. additional TI allowance and \$24.50 psf. Furniture allowance (reimbursed by County)	\$819,600 in TI's included in base rent. \$2,163,744 in TIs reimbursed at 9.5% over 10 yrs/\$.427 psf. per mo. additional rent + \$1,606,416 in Furniture reimbursed at 10% over 10 yrs./ \$.342 psf. monthly additional rent
Maximum 1 st yr Rent	\$1,030,729(\$15.72/sq.ft.)	\$1,637,191 (\$24.96/sq.ft.)	+ \$606,462 annually
Parking Included in Rent	360 off-street spaces	360 off-street spaces	None
Cancellation	One time right to cancel effective 2/15/2003 on 120 days notice	Anytime after the 8 th year of the new term commencement date on 150 days notice	+ 3 years to the original term ending 2/14/2008
Option to Renew	None	two (5-year) options	two (5-year) options
Rental Adjustment	Annual CPI with a Cap of 4%	Annual CPI with a Cap of 4%	N/A

* Upon acceptance of the TI's by the County, the additional five-year term is added to the remaining lease term.

Sufficient funding for the proposed amendment is included in the 2002-03 Rent Expense Budget and will be charged back to DCFS. Sufficient funding is available in the 2002-03 Budget for Children and Family Services to cover the projected lease costs.

The total estimated purchase cost for the telephone, data, and low voltage systems is not to exceed \$1,000,000 and shall be paid by the department in a lump sum or financed in an amount not to exceed \$240,000 per year by the department. Should the Lessor be able to provide the aforementioned costs at or below the County's cost, the recommendation herein, allows for the payment of these costs to the Lessor and, at the discretion of the CAO, all or part of these costs may be paid direct on a lump sum basis.

The cost associated with the proposed amendment will be offset 84 percent with State and Federal funding.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County has occupied the 65,568 rentable square feet of office and training/classroom space in this facility since February, 1988 and is presently in the 12th year of Lease No. 56497 and Amendment No. 3, which continues until February 14, 2008. The Department of Public Social Services (DPSS) occupied approximately 33,000 square feet of this facility which it recently vacated when it relocated staff to a facility at 12440 Imperial Highway, Norwalk. Currently 320 DCFS staff occupies the balance of the space, which is approximately 32,500 square feet. Since DPSS vacated their space, DCFS has requested to expand and reconfigure program space within the entire 65,568 rentable square feet .

The current 65,568 rentable square feet of office space will be refurbished in two phases and the space will be backfilled by the existing 320 staff workers whose workstations are insufficient. Additionally, DCFS is relocating adoption units, approximately 40 staff, from 695 South Vermont, Los Angeles, which allows better service and integration within the community. DCFS will backfill the vacant space at 695 South Vermont with administrative staff until such time as they are able to terminate the lease at this facility.

The proposed Amendment No. 4 to Lease No. 56497 provides 65,568 rentable square feet of office space and 360 off-street parking spaces.

The amended lease contains the following provisions:

- Ten-year total extended term of the lease and the new monthly base rent of \$87,205 begins upon completion and acceptance of the improvements by the County.

- The lease continues on a modified full-service basis and the Lessor will be responsible for all operating and maintenance costs except the utilities, which will be paid by the County.
- A TI allowance of \$819,600, or \$12.50 per square foot, is included in the base rental rate for the renovation of the existing 65,568 square feet.
- An additional TI allowance of up to \$1,704,768, or \$26 per square foot and a Discretionary TI allowance of up to \$458,976, or \$7 per square foot in reimbursable tenant improvement funds is also available for tenant improvements and/or the purchase and installation of furniture, the actual cost of which may be paid back to the Lessor, at the County's option, in lump sum anytime after 36 months or amortized over 120 months at 9.5 percent per annum.
- A furniture allowance of up to \$1,606,416, or \$24.50 per square foot in reimbursable tenant improvement funds is also available for the purchase and installation of furniture, the actual cost of which may be paid back to the Lessor, at the County's option, in lump sum at any time or amortized over 120 months at 10 percent per annum.
- The Lessor will provide 360, or 5.54:1000 parking spaces included in the rental rate, which is sufficient to meet the parking needs of the staff.
- A cancellation provision remains in the lease, allowing the County to cancel the lease anytime after the eighth anniversary of the New Term Commencement Date, by providing the Lessor with 150 days prior written notice. Additionally, the County has two five-year options to renew.

CAO Real Estate staff surveyed the search area within SPA 7 which services this region to determine the market rate of comparable sites. Based upon said survey, staff has established that the base rental range including parking for similar property is between \$17.00 and \$21.80 per square foot per year for a modified full-service gross. Thus, the base annual rent of \$15.96 per square foot for the base lease cost, represents a below market rental rate. Attachment B shows County-owned and leased facilities within the search area for these programs and none are available to house these programs.

The Department of Public Works has inspected this facility and finds it suitable for the County's continued occupancy.

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The proposed leased premises has no additional space available to house a child care center. However, there are three private child care centers available for County employees within a three mile radius of the subject location.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CAO that the proposed Amendment No. 4 to Lease No. 56497 is in the best interest of the County. This will help achieve better utilization of space by implementing the approved plan for backfilling this space with this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DCFS concurs in this recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return two originals of the executed Amendment No. 4 to Lease No. 56497, two certified copies of the Minute Order and the adopted, stamped Board letter to the Chief Administrative Office, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:SNY
CWW:TJS:pb

Attachments (4)

c: County Counsel
Auditor- Controller
Children and Family Services
Internal Services Department

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
10355 SLUSHER DRIVE, SANTA FE SPRINGS**

Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
A	Does lease consolidate administrative functions? ²				X
B	Does lease co-locate with other functions to better serve clients? ²		X		
C	Does this lease centralize business support functions? ²				X
D	Does this lease meet the guideline of 200 sf of space per person? ² Ratio: 1/182 sf		X		
2.	<u>Capital</u>				
A	Should program be in leased space to maximize State/Federal funding?		X		
B	If not, is this a long term County program?				X
C	Is it a net County cost (NCC) program? 16% (Partial)			X	
D	If yes to 2 B or C; capital lease or operating lease with an option?				X
E	If no, are there any suitable County-owned facilities available?			X	
F	If yes, why is lease being recommended over occupancy in County-owned space?				X
G	Is Building Description Report attached as Attachment B?		X		
H	Was build-to-suit or capital project considered? The existing lease, even with the costs associated with the additional 5-year term and reimbursement of the Tenant Improvement and Furniture Allowances is a lower lease cost than what would be paid by the County if a build-to suit or capital project were considered.			X	
3.	<u>Portfolio Management</u>				
A	Did department utilize CAO Space Request Evaluation (SRE)?		X		
B	Was the space need justified?		X		
C	If a renewal lease, was co-location with other County departments considered?				X
D	Why was this program not co-located?				
	1. ___ The program clientele requires a "stand alone" facility.				
	2. ___ No suitable County occupied properties in project area.				
	3. ___ No County-owned facilities available for the project.				
	4. ___ Could not get City clearance or approval.				
	5. X The Program is being co-located.				
E	Is lease a full service lease? ² No, the lease is a modified full service lease in which Landlord pays all costs except utilities. Landlord was not willing to pay cost of utilities and they are being paid by the Lessee.			X	
F	Has growth projection been considered in space request? The DCFS co-location is functional at the expanded size and the space is being maximized.		X		
G	Has the Dept. of Public Works completed seismic review/approval?		X		
	¹ As approved by the Board of Supervisors 11/17/98				

²If not, why not?

ATTACHMENT B

SPACE SEARCH - CITIES OF MONTEBELLO, VERNON, MAYWOOD, PICO RIVERA, SOUTH GATE, WHITTIER, LA HABRA, DOWNEY, SANTA FE SPRINGS, NORWALK, BELLFLOWER, CERRITOS, LAKEWOOD, LA MIRADA AND HAWAIIAN GARDENS

LACO	FACILITY NAME				ADDRESS	SQ FT GROSS	SQ FT NET		SQ FT AVAIL
A190	PUBLIC LIBRARY-BELL LIBRARY	4411 E	GAGE	AVE	BELL	4,863	3,515	LEASED	NONE
B460	DPSS-GAIN PROGRAM REGION VI OFFICE	5460	BANDINI	BLVD	BELL	31,400	21,815	LEASED	NONE
6444	PUBLIC LIBRARY-CLIFTON M BRAKENSIK LIBRARY	9945 E	FLOWER	ST	BELLFLOWER	20,160	17,078	OWNED	NONE
0005	BELLFLOWER COURTHOUSE	10025 E	FLOWER	ST	BELLFLOWER	110,286	34,647	OWNED	NONE
2892	RANCHO-BUILDINGS 605/606	7601 E	IMPERIAL	HWY	DOWNEY	15,658	12,249	OWNED	NONE
2891	RANCHO-BUILDINGS 603/604	7601 E	IMPERIAL	HWY	DOWNEY	14,639	10,613	OWNED	NONE
2890	RANCHO-BUILDINGS 601/602	7601 E	IMPERIAL	HWY	DOWNEY	16,509	9,416	OWNED	NONE
X998	LOS PADRINOS JUVENILE COURTHOUSE-1	7281 E	QUILL	DR	DOWNEY	47,231	24,470	OWNED	NONE
A755	PUBLIC LIBRARY-ADMINISTRATION HEADQUARTERS	7400 E	IMPERIAL	HWY	DOWNEY	68,000	55,733	FINANCED	NONE
0140	RANCHO-BUILDING 900 ANNEX 'A'	7601 E	IMPERIAL	HWY	DOWNEY	5,700	4,931	OWNED	NONE
0141	RANCHO-BUILDING 900 ANNEX 'B'	7601 E	IMPERIAL	HWY	DOWNEY	5,700	5,307	OWNED	NONE
1204	HEALTH-ADMIN STORAGE/OFFICE BUILDINGS 307/308	7601 E	IMPERIAL	HWY	DOWNEY	26,475	17,125	OWNED	NONE
0138	RANCHO-BUILDING 800 ANNEX WEST	7601 E	IMPERIAL	HWY	DOWNEY	5,665	4,622	OWNED	NONE
0139	RANCHO-BUILDING 800 ANNEX EAST	7601 E	IMPERIAL	HWY	DOWNEY	5,700	4,470	OWNED	NONE
1264	RANCHO-BONITA HALL	7601 E	IMPERIAL	HWY	DOWNEY	6,612	3,426	OWNED	NONE
0051	PW ROAD-MAINTENANCE DISTRICT NO.4 OFFICE	11282	GARFIELD	AVE	DOWNEY	3,100	2,790	OWNED	NONE
1100	PUBLIC SAFETY-HEADQUARTERS/HEALTH SVCS BUREAU	7601 E	IMPERIAL	HWY	DOWNEY	15,482	9,221	OWNED	NONE
1194	RANCHO-DIETARY OFFICE/BUILDING 206	7601 E	IMPERIAL	HWY	DOWNEY	6,245	4,231	OWNED	NONE
1204	HEALTH-ADMIN STORAGE/OFFICE BUILDINGS 307/308	12817	DAHLIA	AVE	DOWNEY	26,475	17,125	OWNED	NONE
X238	RANCHO-SUPPORT SERVICES ADMINISTRATION BLDG	7601 E	IMPERIAL	HWY	DOWNEY	66,200	56,002	FINANCED	NONE
1117	RANCHO-STAFF OFFICE BUILDING	7601 E	IMPERIAL	HWY	DOWNEY	1,767	1,194	OWNED	NONE
1180	RANCHO-HARRIMAN BUILDING 400 - ADMINISTRATION	7601 E	IMPERIAL	HWY	DOWNEY	85,879	39,682	OWNED	NONE
1203	DHS-PUBLIC HEALTH FACILITIES BUILDING 301/302	12838	ERICKSON	AVE	DOWNEY	19,575	12,170	OWNED	NONE
1203	DHS-PUBLIC HEALTH FACILITIES BUILDING 301/302	7601 E	IMPERIAL	HWY	DOWNEY	19,575	12,170	OWNED	NONE
1100	PUBLIC SAFETY-HEADQUARTERS/HEALTH SVCS BUREAU	13001	DAHLIA	AVE	DOWNEY	15,482	9,221	OWNED	NONE
3385	RANCHO-HOSPITAL OFFICE BLDG 500,501,502 & 503	7601 E	IMPERIAL	HWY	DOWNEY	88,104	63,850	FINANCED	NONE
6059	DOWNEY ADMIN CTR-ADMINISTRATIVE CENTER BLDG	9150 E	IMPERIAL	HWY	DOWNEY	327,972	264,536	FINANCED	NONE
6059	DOWNEY ADMIN CTR-ADMINISTRATIVE CENTER BLDG	12830	CLARK	AVE	DOWNEY	327,972	264,536	FINANCED	NONE
1254	RANCHO-HOSPITAL LANDSCAPE CONTRACTOR'S OFFICE	7601 E	IMPERIAL	HWY	DOWNEY	2,663	2,045	OWNED	NONE
D600	DOWNEY COURTHOUSE	7500 E	IMPERIAL	HWY	DOWNEY	103,502	78,996	FINANCED	NONE
B260	PUBLIC LIBRARY-HAWAIIAN GARDENS LIBRARY	12100 E	CARSON	ST	HI. GDS	3,992	3,598	PERMIT	NONE
6418	PUBLIC LIBRARY-LA MIRADA LIBRARY	13800	MIRADA	BLVD	LA MIRADA	15,704	13,061	OWNED	NONE
A139	DC&FS-REGION VII LAKEWOOD SERVICES OFFICE	4060	WATSON PLAZA	DR	LAKEWOOD	87,200	60,265	LEASED	NONE
B600	PUBLIC LIBRARY-GEORGE NYE JR LIBRARY	6600	DEL AMO	BLVD	LAKEWOOD	7,394	6,136	LEASED	NONE
5867	PUBLIC LIBRARY-ANGELO M IACOBONI LIBRARY	4990 N	CLARK	AVE	LAKEWOOD	25,377	20,762	LEASED	NONE
D030	PUBLIC LIBRARY-MAYWOOD LIBRARY	4323 E	SLAUSON	AVE	MAYWOOD	3,362	2,881	PERMIT	NONE
5395	PUBLIC LIBRARY-MONTEBELLO REGIONAL LIBRARY	1550 W	BEVERLY	BLVD	MONTEBELLO	50,530	23,989	OWNED	NONE
D090	PUBLIC LIBRARY-CHET HOLIFIELD LIBRARY	1060 S	GREENWOOD	AVE	MONTEBELLO	5,692	4,601	LEASED	NONE
D210	PUBLIC LIBRARY-ALONDRA LIBRARY	11949 E	ALONDRA	BLVD	NORWALK	6,808	5,061	PERMIT	NONE
X168	HARRY HUFFORD REGISTRAR-RECORDER/CO CLERK BLD	12400 E	IMPERIAL	HWY	NORWALK	262,510	240,600	FINANCED	NONE
D221	DPSS-NORWALK WS DISTRICT OFFICE	12727	NORWALK	BLVD	NORWALK	40,500	30,928	LEASED	NONE
A358	DPSS-COMPUTER SERVICES/ LEADER PROGRAM OFFICE	14714	CARMENITA	RD	NORWALK	44,250	42,038	LEASED	NONE
A161	DMH-PATIENT EMERGENCY COORDINATION SERVICES	11400	NORWALK	BLVD	NORWALK	5,773	5,484	LEASED	NONE
A161	DMH-PATIENT EMERGENCY COORDINATION SERVICES	11401	BLOOMFIELD	AVE	NORWALK	5,773	5,484	LEASED	NONE
A022	ALT PUB DEFENDER-NORWALK OFFICE	12440	FIRESTONE	BLVD	NORWALK	2,150	1,940	LEASED	NONE
A068	SHERIFF-THE BECHTEL BUILDING-IMPERIAL CENTRE	12440 E	IMPERIAL	HWY	NORWALK	42,421	38,179	LEASED	NONE
A068	SHERIFF-THE BECHTEL BUILDING-IMPERIAL CENTRE	12440 E	IMPERIAL	HWY	NORWALK	58,642	52,778	LEASED	NONE
5685	NORWALK COURTHOUSE	12720	NORWALK	BLVD	NORWALK	225,008	111,898	OWNED	NONE
A068	SHERIFF-THE BECHTEL BUILDING-IMPERIAL CENTRE	12440 E	IMPERIAL	HWY	NORWALK	58,642	52,778	LEASED	NONE
5368	PUBLIC LIBRARY-NORWALK REGIONAL LIBRARY	12350 E	IMPERIAL	HWY	NORWALK	33,749	27,529	OWNED	NONE
4983	PUBLIC LIBRARY-PICO RIVERA LIBRARY	9001	MINES	AVE	PICO RIVERA	7,700	6,317	OWNED	NONE
5641	PUBLIC LIBRARY-RIVERA LIBRARY	7828 S	SERAPIS	AVE	PICO RIVERA	6,724	5,404	OWNED	NONE
Y300	LOS NIETOS COMMUNITY SENIOR CENTER & LIBRARY	11640 E	SLAUSON	AVE	SANTA FE SPS	16,374	15,877	OWNED	NONE
A498	DC&FS-KINSHIP SUPPORT SERVICES PROGRAM CENTER	9834	NORWALK	BLVD	SANTA FE SPS	5,875	5,580	LEASED	NONE
F325	PW FLOOD-IMPERIAL YARD OFFICE	5525 E	IMPERIAL	HWY	SOUTH GATE	2,600	2,340	PERMIT	NONE
D980	PUBLIC LIBRARY-HOLLYDALE LIBRARY	12000	GARFIELD	AVE	SOUTH GATE	5,530	4,440	LEASED	NONE
4049	SOUTH GATE COURTHOUSE	8640	CALIFORNIA	AVE	SOUTH GATE	18,610	10,303	OWNED	NONE
6467	AG COMM/MTS MEAS-SOUTH GATE ADMINISTRATION	11012	GARFIELD	AVE	SOUTH GATE	21,902	15,325	OWNED	NONE
5934	PUBLIC LIBRARY-LELAND R WEAVER LIBRARY	4035	TWEEDY	BLVD	SOUTH GATE	19,461	16,955	OWNED	NONE
X022	PROBATION-INTERNAL AUDITS OFFICE	7639 S	PAINTER	AVE	WHITTIER	2,694	1,870	OWNED	NONE
3331	WHITTIER COURTHOUSE	7339 S	PAINTER	AVE	WHITTIER	91,402	48,189	OWNED	NONE